



# ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 300,000 MEMBERS

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## Sarcasm Justice in Bama

By David G. Bronner

The *Advisor* has some very important information about pension and health insurance costs on this page. But first, I must voice my opinion on justice in Alabama, especially after seeing on the national level Scooter Libby's 30-month sentence commuted by President Bush.

I am not a buddy of former Governor Don Siegelman's staff, who did their best to harm the RSA and me. I also have no pity for former HealthSouth CEO Richard Scrushy. How he could be found innocent in the HealthSouth trial while his staff pled guilty to almost everything is beyond me. I am convinced that if Scrushy had been convicted in the Birmingham trial, the case involving the ex-Governor would never have seen the light of day.

In regards to the others involved with this trial, I have the utmost respect for U.S. Prosecutor Steve Feaga (I have not met the other prosecutors), as my son is a prosecutor for the District Attorney of NYC. On the other hand, I do not like U.S. District Judge Fuller nor does he like me. The RSA had to go through the entire state court system to prevent Judge Fuller's buddy from ripping off the RSA. Shortly thereafter, Judge Fuller tried to sandbag the RSA by preventing our claim (by doing nothing) against the ultimate crook – Enron! Fortunately, the RSA prevailed on both issues.

*continued on page three*

## A Serious Problem Pension & Insurance Costs

By David G. Bronner

July's *Advisor* clearly pointed out to those paying attention that a "Battle Royal" will take place next spring on how to adequately fund your pension and health care costs. Exact numbers will not be formalized until early December, but our actuary approximates the RSA will need an additional \$70 million for the 2009 Education Trust Fund and General Fund budgets. The principal reasons for the increase in actuarial rates for both pension funds are people retiring earlier and living longer. The debate on the budgets will take place in early 2008 during the Regular Legislative Session.

If Alabama's economic growth continues, the Education Trust Fund will increase due to sales and income tax growth. No one, however, will be pleased if large amounts of that growth go to teacher pensions. Obviously, additional benefits and/or COLAs seem remote. The funding for state employee pensions is in much worse shape because the General Fund has no significant growth capability.

During the spring Board meetings, the staff of both the Public Education Employees' Health Insurance Plan (PEEHIP) and State Employees' Health Insurance Plan (SEIB) again asked their Boards to increase employees' contributions to their insurance programs. Both Boards refused. Part of the reason may be that the newly established OPEB Trust Fund designed to prevent it from being raided by Legislators had yet to be approved by the voters. The Constitutional Amendment to protect the trust fund was approved on June 5.

As a comparison, a retired friend of mine in the banking business said he pays \$1,500 per month for his health insurance that includes coverage for his wife and one child. In Alabama, active teachers pay \$2 per month for individual coverage and \$134 for family coverage. State employees pay nothing for individual coverage and \$180 per month for family coverage. This is not reasonable.

Insurance costs will also increase in the 2009 budget; again to be argued in early 2008. Current year funding for PEEHIP is \$865 million, and will be \$935 million for fiscal year 2008 that begins October 1, 2007. RSA's very early guess is that the program will exceed \$1 billion when the 2009 budget is presented in early 2008.

Although health insurance is a national problem, state governments across America are facing the insurance problem by also attacking the pension programs. There are only these solutions: the member pays more; the state taxpayers pay more; or benefits are reduced, which in this case no immediate cost savings would occur.

Teachers must understand that if the state employee pension program is attacked due to lack of money in the General Fund, they are next! I strongly urge the teacher and state employees' associations to prepare for a serious challenge in early 2008, and give considerable thought on how to raise revenue for Alabama's General Fund. Not just to fund benefits, but also how to fund departments like Public Safety (State Troopers), Medicare, and Corrections that operate on a shoe-string budget.

# Data on the Elderly, Marketed to Thieves

By Charles Duhigg, *N.Y. Times*

The thieves operated from small offices in Toronto and hangar-size rooms in India. Every night, working from lists of names and phone numbers, they called World War II veterans, retired school teachers and thousands of other elderly Americans and posed as government and insurance workers updating their files.

Then, the criminals emptied their victims' bank accounts. Richard Guthrie, a 92-year-old Army veteran, was one of those victims. He ended up on scam artists' lists because his name, like millions of others, was sold by large companies to telemarketing criminals, who then turned to major banks to steal his life's savings.

Mr. Guthrie, who lives in Iowa, had entered a few sweepstakes that caused his name to appear in a database advertised by InfoUSA, one of the largest compilers of consumer information. InfoUSA sold his name and data on other elderly Americans to known lawbreakers, regulators say.

InfoUSA advertised lists of "Elderly Opportunity Seekers," 3.3 million older people "looking for ways to make money," and other "Suffering Seniors," 4.7 million people with cancer or Alzheimer's disease. "Oldies but Goodies" contained 500,000 gamblers over 55 years old, for 8.5 cents a piece. One list said: "These

people are gullible. They want to believe that their luck can change."

As Mr. Guthrie sat home alone — surrounded by his Purple Heart medal, photos of eight children and mementos of a wife who was buried nine years earlier — the telephone rang day and night. After criminals tricked him into revealing his banking information, they went to Wachovia, the nation's fourth largest bank, and raided his account, according to banking records.

"I loved getting those calls," Mr. Guthrie said in an interview. "Since my wife passed away, I don't have many people to talk with. I didn't even know they were stealing from me until everything was gone."

Telemarketing fraud, once limited to small-time thieves, has become a global criminal enterprise preying upon millions of elderly and other Americans every year, authorities say. Vast databases of names and personal information, sold to thieves by large publicly traded companies, have put almost anyone within reach of fraudulent telemarketers. And major banks have made it possible for criminals to dip into victims' accounts without their authorization, according to court records....

"Only one kind of customer wants to buy lists of seniors interested in lotteries and sweepstakes: criminals," said Sgt.

Yves Leblanc of the Royal Canadian Mounted Police. "If someone advertises a list by saying it contains gullible or elderly people, it's like putting out a sign saying, 'Thieves welcome here.'"

In recent years, despite the creation of a national "do not call" registry, the legitimate telemarketing industry has grown, according to the Direct Marketing Association. Callers pitching insurance plans, subscriptions and precooked meals collected more than \$177 billion in 2006, an increase of \$4.5 billion since the federal do-not-call restrictions were put in place three years ago.

That growth can be partly attributed to the industry's renewed focus on the elderly. Older Americans are perfect telemarketing customers, analysts say, because they are often at home, rely on delivery services, and are lonely for the companionship that telephone callers provide. Some researchers estimate that the elderly account for 30 percent of telemarketing sales — another example of how companies and investors are profiting from the growing numbers of Americans in their final years.

(Editor's Note: When you are lonely, DO NOT believe a stranger on the phone is your friend!)



## WANT TO HELP?

### A FREE Car Tag

Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call Tisha or Deborah to request a tag at (334) 242-5718, or 800-214-2158 ext. 1503, or write:

Tag  
P.O. Box 302150  
Montgomery, AL 36130-2150

## Bottled Water

Source: *Earth Policy Institute*

San Francisco and Salt Lake City have banned the use of city funds to purchase single serving plastic water bottles. The Earth Policy Institute points out that it takes 1.5 million barrels of oil annually to bottle water each year in the U.S., which equals the fuel for 100,000 cars. Worldwide some 2.7 million tons of plastic are used for it.

U.S. sales of bottled water are now second to soft drinks. Most consumers think bottled water is healthier. In truth, 40% of bottled water is tap water, including Pepsi's AquaFina and Coke's

Dasani. There are more quality standards for tap water than bottled water.

A 20 oz. bottle of AquaFina costs \$1.57. Regular gas is at \$3.07 per gallon. This works out to 2.4 cents for an ounce of gas vs. 7.9 cents for bottled water.

# 40%

of bottled water is tap water



# Fox News Reports

By Jennifer Openshaw

NEW YORK – Looking for that amazing summer destination without spending too much? Should I be more specific? Ok, here are my top five picks:

## 1. The Grand Hotel, Point Clear, AL

Not wild about big Florida resorts? I say skip them and go for a dose of Southern charm on Mobile Bay along the Alabama Gulf Coast. Recently reopened after a \$50 million post-Katrina restoration, the one-time rehab facility for wounded Confederate soldiers is a great place for summer activities – or to relax.

Fish from the pier with already-baited

bamboo poles, whack a croquet ball around on the large croquet field or borrow a bicycle and check out the Civil War cemetery. Or check out the Robert Trent Jones golf course across the street. The Grand is especially suited for families with children. Kids will love the pool and large waterslide and there's plenty of beach area.

#2 Santa Cruz Beach, California

#3 Empress Hotel, British Columbia

#4 Great Basin Park, Nevada

#5 Isia Mujeres, Mexico

## Saved The Historic Supreme Court Building

Vacant since 1993, the historic Supreme Court Building in front of the Capitol on Dexter Avenue will become part of a new office complex. Built in 1926 and purchased by the state in 1932, this building is home to the legal history of Alabama.

There have been dozens of ideas of what to do with the building, ranging from destruction to a museum. To make it possible to preserve this three-story structure, the RSA will trade 150 parking

places in a parking deck to be used by the Attorney General's office for the building and adjoining property. The Attorney General's office will be moving from the State House into the newly renovated Public Safety Building.

The RSA thanks Governor Bob Riley and Finance Director Jim Main for the win-win swap, which will add to the history and beauty of our Capitol and the city of Montgomery.

## Justice in Bama *continued from page one*

I have no pity for Scrushy, but Siegelman was no different than any other Governor I have worked with or against! When Prosecutor Feaga worked with the state, he allowed former Governor Guy Hunt to remain out of prison, even though he was convicted of putting dollars in his pocket. In comparison, Siegelman put nothing in his pocket from contributions to the lottery campaign. I do not know of any Governor who did not have third parties pay for TV, radio and newspaper ads on constitutional issues brought before the voters. However, I firmly believe

Siegelman's actions regarding the Goat Hill construction, house sale, motorcyc-le, etc., were wrong.

When comparing Alabama to other parts of America, Governor Siegelman was given 88 months (7 years, 4 months), while U.S. Congressman Bob Ney from Ohio received 30 months for bribery. Super Washington, D.C. crook, Jack Abramoff, only received six years. Politics is a serious full-contact sport in Alabama, yet I hope the highly respected 11th Circuit Court of Appeals will quickly restore reasonableness to Alabama.

## Sweet home Alabama

Editorial: *The Anniston Star*

I ndustrial development in Alabama has been a hot topic the last few months, what with awards for competitiveness and the news of the coming of German steelmaker ThyssenKrupp. But let us not forget that one of our most success-fully expanding industries has been tourism.

In 2006, folks traveling more than 100 miles to stay in an Alabama hotel or visit a tourist attraction pumped some \$8.3 billion into the state economy. That is up from \$7.6 billion in 2005.

Indeed, Alabama is one of a handful of states to report an increase in tourism over the last five years. Credit for this should go to many people and programs.

The Retirement Systems of Alabama's Robert Trent Jones Golf Trail and resort hotels draw visitors from around the nation, not to mention a steady stream of foreign duffers. When first conceived, many considered the golf trail risky at best. Now they wish they had thought of it first.

Credit also is due to the natural beauty of the state, which is why the beaches of Baldwin County top the state in tourist-related spending.

In 2005, around 21.8 million people visited Alabama. Half-a-million more came calling in 2006. The word is getting around. And because the Alabama Bureau of Tourism & Travel is so effective, 162,688 Alabamians have jobs in the travel and tourism industry.

But consider this against the background of an economy in serious trouble back in 2001. Remember how the failure of Amendment 1 forced the state to close state parks and historical sites. Remember how tourist attractions that stayed open had to defer needed upkeep and repairs. Recall how shabby things got.

When we consider how well we are doing, we must also consider what was done, against considerable odds, to get us there.

It is a remarkable success story."

## TRS Board Election Notice

Candidates are currently being sought for the Superintendent Position and the Retired Position No. 2 for the TRS Board of Control. Applicants must submit completed nomination petitions by 4:00 p.m. September 5, 2007, to be eligible. Nomination packets are available on our Web site at [www.rsa.state.al.us](http://www.rsa.state.al.us) or contact the Elections Coordinator at 1-800-214-2158, extension 1573. The Regular Election will take place in October 2007. The Superintendent Position is currently held by Dr. Terry Jenkins and the Retired Position No. 2 by Mrs. Sallie Cook.

## ERS Runoff Election

A runoff election will be held for the Active Local Position No. 2 between **Mr. Ben Powell** and **Mr. Ronald Byrd**. Voting for this election will begin August 1, 2007, and will continue through September 1, 2007. All local, active employees will receive a ballot in the mail. You will be able to vote by mail, telephone or the internet. **Make your vote count** – this will be your representative on the ERS Board of Control.



# The ADVISOR

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David G. Bronner

**Deputy**  
Marc Reynolds

**Executives**

**Communications**  
Michael E. Pegues

**Chief Accountant & Financial Officer**  
Norman D. Turnipseed

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**RSA-1**  
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**Teachers' Health Insurance**  
Lee Hayes

**Teachers' Retirement**  
Donald L. Yancey

The Retirement Systems of Alabama  
135 South Union Street  
P.O. Box 302150  
Montgomery, Alabama 36130-2150  
Phone: 334/832-4140  
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RSA Web site:  
<http://www.rsa.state.al.us>

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## A Special Deal

FOR RSA MEMBERS

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**\$79** August 1, 5-7, 12-16, 19-31 • September 1-4, 9-15, 22-24, 28-30 • October 1-4, 8-13, 20-31

### Riverview Plaza – Mobile

**\$69** August 1-2, 5-7, 12-18, 22-30 • September 1-3, 10-17, 23-30 • October 1-4, 7-10, 17-18, 29-31

### Marriott Grand – Point Clear

**\$79** August 1, 5-9, 12-14, 19-23, 26-30 • September 2-7, 12-15, 26, 30 • October 1-5, 13, 21-29

### Marriott Shoals – Florence

**\$69** August 1-5, 12-15, 19-22 • September 8-13, 20-24, 28-30 • October 1-5, 11-13, 18-21, 25-27

### Renaissance Ross Bridge – Hoover

**\$79** August 5-9, 12-15, 18-31 • September 1-3, 9-13, 16-18, 23-27 • October 10-15, 18, 21-28, 30-31

### Opelika Marriott

**\$69** August 5, 8-10, 12-14, 19-22, 25-30 • September 2-6, 9-10, 16-19, 23-24, 27, 29-30  
October 1-4, 9, 13-14, 18, 21, 28-31

### Prattville Marriott

**\$69** August 1-9, 23-25, 28-30 • September 2-5, 10-17, 21-23  
October 1, 4, 8-9, 13, 16-18, 21-22, 25, 28, 30-31

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